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SENATE BILL 723

48TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2007

INTRODUCED BY

H. Diane Snyder

AN ACT

RELATING TO TAXATION; PROVIDING AN INCOME TAX CREDIT AND A
CORPORATE INCOME TAX CREDIT FOR EMPLOYERS FOR A PORTION OF
EMPLOYEE HEALTH INSURANCE PREMIUM EXPENSES PAID BY THE
EMPLOYER.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. A new section of the Income Tax Act is
enacted to read:

" NEW MATERIAL CREDIT--EMPLOYEE HEALTH INSURANCE
PREMIUMS PAID BY EMPLOYER. --

A. A taxpayer who is an employer of fifty or fewer
employees in the taxable year and who files an individual New
Mexico income tax return may claim a credit in an amount equal
to fifty percent of the employee health insurance premiums,
including long-term care and disability income premiums, paid

underscored material = new
[bracketed material] = delete

1 by the taxpayer in the taxable year for each of the first five
2 taxable years during which the taxpayer pays employee health
3 insurance premiums.

4 B. A taxpayer who is an employer of fifty or fewer
5 employees and who files an individual New Mexico income tax
6 return may claim a credit in an amount equal to thirty-five
7 percent of the value of the insurance premiums, including
8 long-term care and disability income premiums, paid by the
9 taxpayer in a taxable year that is not one of the first five
10 taxable years during which the taxpayer pays employee health
11 insurance premiums.

12 C. A husband and wife who file separate returns
13 for a taxable year in which they could have filed a joint
14 return may each claim only one-half of the credit pursuant to
15 this section that would have been allowed on a joint return.

16 D. A taxpayer who otherwise qualifies and claims a
17 credit pursuant to this section and who is a member of a
18 partnership, S corporation or business association that is the
19 employer paying the employee health insurance premiums may
20 claim a credit only in proportion to the taxpayer's interest
21 in the partnership, S corporation or business association.

22 E. The credit provided in this section may only be
23 deducted from the taxpayer's income tax liability for the
24 taxable year for which the credit is claimed. "

25 Section 2. A new section of the Corporate Income and

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underscored material = new
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1 Franchise Tax Act is enacted to read:

2 " [NEW MATERIAL] CREDIT--EMPLOYEE HEALTH INSURANCE

3 PREMIUMS PAID BY EMPLOYER. --

4 A. A taxpayer that is an employer of fifty or
5 fewer employees in a taxable year and that files a corporate
6 income tax return may claim a credit in an amount equal to
7 fifty percent of the employee health insurance premiums paid
8 by the taxpayer in a taxable year for each of the first five
9 taxable years during which the taxpayer pays employee health
10 insurance premiums.

11 B. A taxpayer that is an employer of fifty or
12 fewer employees and that files a corporate income tax return
13 may claim a credit in an amount equal to thirty-five percent
14 of the value of the insurance premiums paid by the taxpayer in
15 a taxable year that is not one of the first five taxable years
16 during which the taxpayer pays employee health insurance
17 premiums.

18 C. A taxpayer that otherwise qualifies and claims
19 a credit pursuant to this section and that is a member of a
20 partnership, limited liability corporation or business
21 association that is the employer paying the employee health
22 insurance premiums may claim a credit only in proportion to
23 the taxpayer's interest in the partnership, limited liability
24 corporation or business association.

25 D. The credit provided in this section may only be

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1 deducted from the taxpayer's corporate income tax liability
2 for the taxable year for which the credit is claimed."

3 Section 3. APPLICABILITY. -- The provisions of this act
4 apply to taxable years beginning on or after January 1, 2007.

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